

Indiana Utility Regulatory Commission

Natural Gas Forum October 30, 2008



Introductions

- ❖ Frank Shambo – Vice President of Regulatory & Legislative Affairs
 - Overview, communication and outreach, products available
- ❖ Karl Stanley – Executive Director Energy Supply and Trading
 - Gas supply objectives, winter readiness, customer impacts
- ❖ Kevin Kirkham – Director of Regulatory Strategic Analysis
 - Residential energy efficiency efforts



Today's Objectives

❖ Gas Supply

- Overall gas supply objectives
- Forecast for 2008/2009 heating season

❖ Energy Efficiency

❖ Communication and Outreach

❖ Customer Options

- Access to alternative products and services
- Budget billing program



Gas Supply



Gas Supply Overview

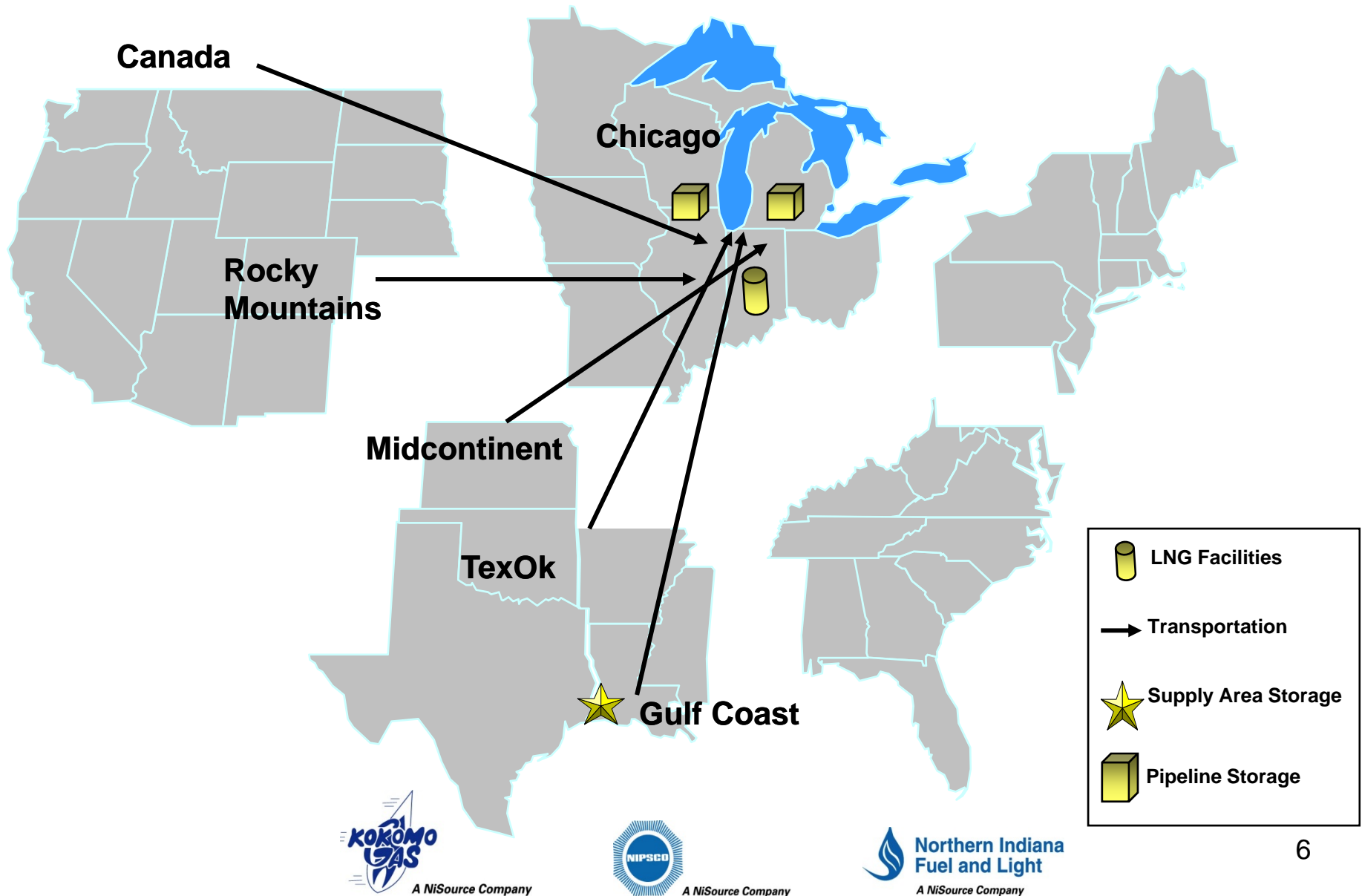
❖ Gas Supply Objectives

- Supply reliability
 - Interconnections with multiple interstate pipelines
 - Diversified storage portfolio
- Balanced cost effective supply
 - Storage
 - Financial Hedge Program
 - Market purchases

❖ Customer Bill Impacts



NIE Asset Portfolio - Diverse & Uniquely Positioned



The NIE Balanced Portfolio Approach

NIE Planned Peak Day Supply

Storage Withdrawals	1.031 Bcf (73%)
Transported Supply	0.317 Bcf (22%)
Delivered Supply	0.070 Bcf (5%)
Total Supply	1.418 Bcf

NIE Planned Winter Price Mix

Storage Withdrawals	32.9 Bcf (49%)
Financial Hedges	7.8 Bcf (12%)
Market Purchases	26.1 Bcf (39%)
Total Supply	66.8 Bcf

NIE Planned Winter Supply Mix

Storage Withdrawals	32.9 Bcf (49%)
Market Purchases	33.9 Bcf (51%)
Total Supply	66.8 Bcf



A NiSource Company

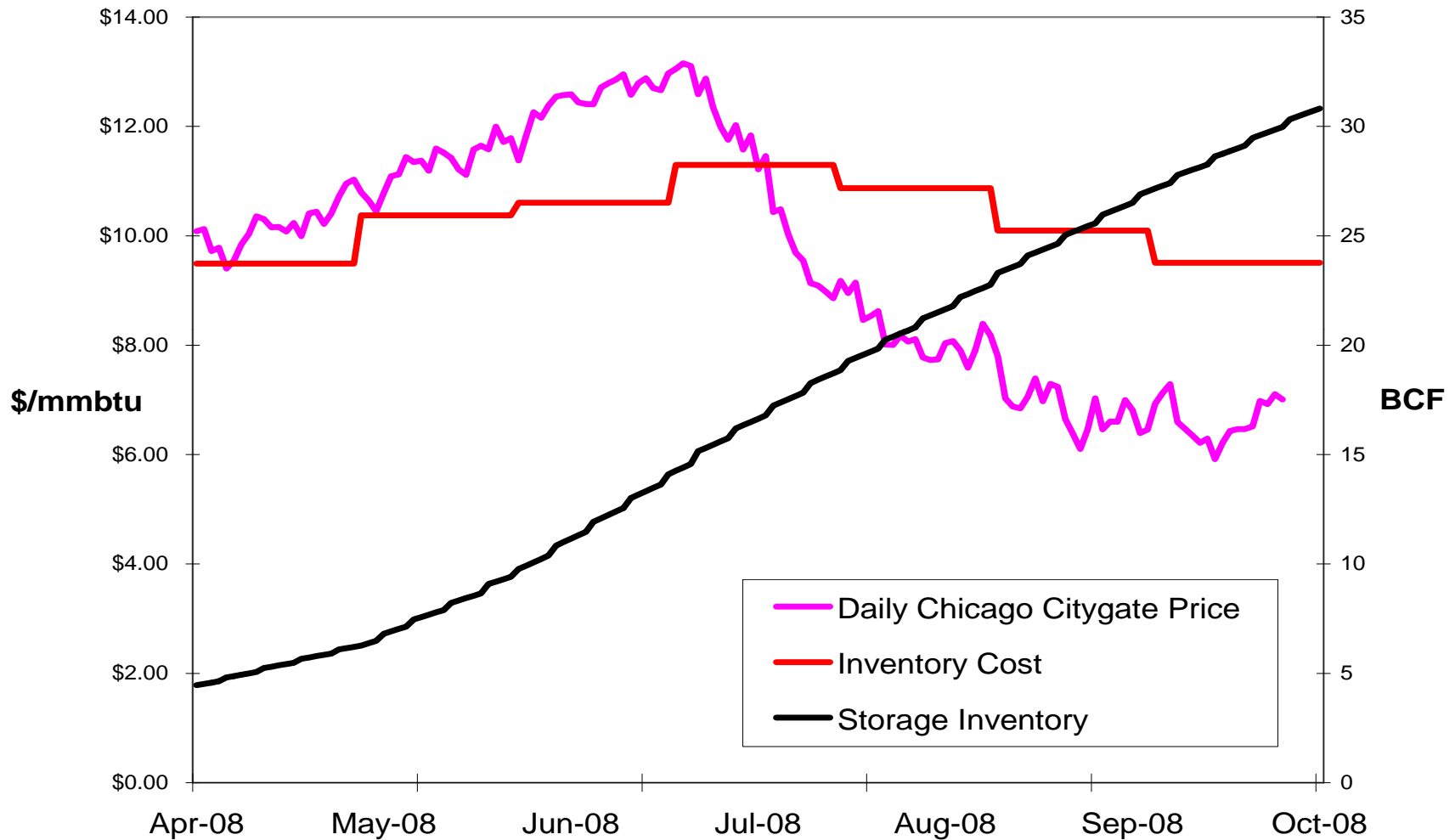


A NiSource Company



A NiSource Company

NIE Storage Refill & Pricing



NIE Customer Bill Impacts - Residential

Company	Projected Increase	Projected Bill (Normal Usage)
NIPSCO	10% - 20%	\$906 698 therms
NIFL	10% - 20%	\$759 621 therms
Kokomo	15% – 25%	\$821 658 therms

- ❖ NIE defines heating season as November to March
- ❖ Forecast based on actual storage/hedging and market prices based on the average NYMEX futures closing prices for September 26th, 29th, & 30th
- ❖ Residential projections announced on October 7th (NIPSCO) and October 9th (NIFL & Kokomo)



Residential Energy Efficiency



Energy Efficiency Program Overview

- ❖ NIPSCO residential natural gas energy efficiency pilot program launched in 2007
- ❖ Began second program year in May 2008
- ❖ Media campaign in full gear
- ❖ Programs focus on:
 - Rebates for high efficiency appliances
 - Low- income customers
 - Weatherization measures
 - Reduction in hot water use
 - Customer and stakeholder education



NIPSCO Gas Efficiency Programs

	PILOT PROGRAM		2008/2009 PROGRAM GOALS		
	PARTICIPATION	ANNUAL THERMS SAVED	PARTICIPATION	ANNUAL THERMS SAVED	PROGRAM BUDGET
Energy Harvest Rebate Program Rebates for high efficiency furnaces, boilers, water heaters, programmable thermostats	1,335 Rebates	84,498	5,810 Rebates	269,848	\$1,119,015
Home Energy Solutions Program Target incomes between 151-200% of federal poverty guidelines.	90 Homes	38,700 (proj.)	100 Homes	43,000	\$650,000
Think Energy Program 5th grade students receive training on energy efficiency and conservation	1,092 Students	76,238	2,000 Students	81,400	\$100,000
Residential New Construction Program Encourage Certified Energy Star homes			460 Homes	59,340	\$230,000
Existing Home Audit Pilot Focus audits on high energy use homes			500 Homes	52,125	\$281,250
Multi-family Direct Install Program Install low-flow fixtures in rental units			9,500 Units	712,500	\$114,000
Employee Education Program Energy efficiency training to all CSRs			250 Employees	10,175	\$18,000



A NiSource Company



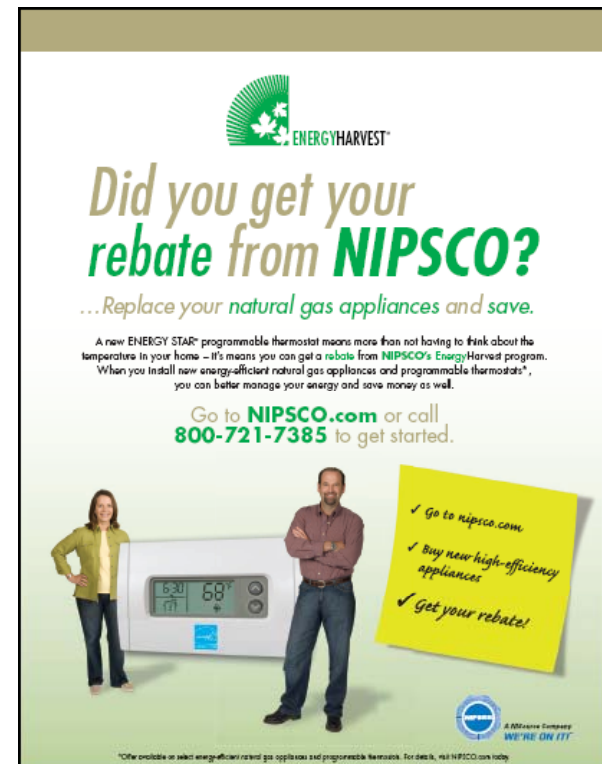
A NiSource Company



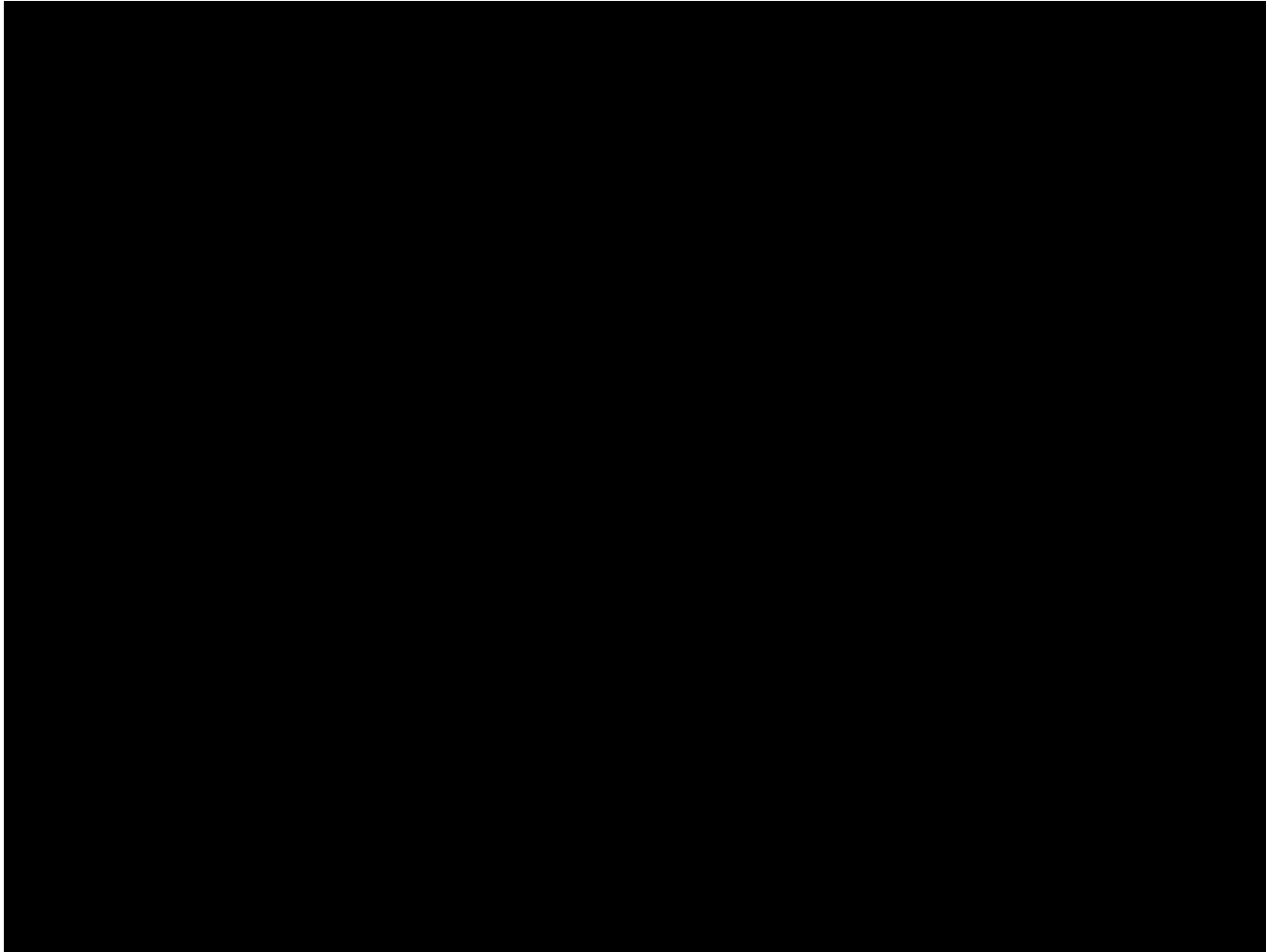
A NiSource Company

EnergyHarvest Program Outreach

- ❖ Interactive Web Site
- ❖ News Coverage
- ❖ Print, Cable TV, Radio & On-line Advertising
- ❖ Trade Ally/Contractor Outreach
- ❖ Customer Bill Inserts
- ❖ Indiana Builders Outreach



EnergyHarvest Program Outreach



Communication and Outreach



Winter Communication Messages

- ❖ **Energy bills are expected to be higher this winter heating season**
- ❖ **Inform customers about energy efficiency and encourage early planning through:**
 - Low and no-cost home weatherization tips
 - EnergyHarvest Appliance Rebate Program
- ❖ **Educate customers to make their homes safe by:**
 - Performing annual furnace inspections
 - Using spacer heaters safely
 - Purchasing carbon monoxide detectors
- ❖ **Consider services such as the budget payment plan, available at any time**
- ❖ **Contact local agencies for assistance programs such as:**
 - LIHEAP
 - Township Trustees
 - NIPSCO Winter Warmth
 - NIPSCO Gift of Warmth
- ❖ **Contact the Company immediately with bill payment problems**



How We Communicate With Our Customers ...

- ❖ Print, Radio, On-line & Cable TV Ads
- ❖ Monthly Bill Inserts
- ❖ Community Meetings & Presentations
- ❖ Energy Assistance Organizations
- ❖ Our Website at www.nipsco.com
- ❖ Monthly GCA Release & Heating Bill Forecast
- ❖ Weekly NIPSCO Energy Minute
- ❖ Energy Fairs & Events
 - Sep. 10, NWI Winter Heating Summit with EAP Agencies
 - Oct. 7, Lugar-Visclosky Energy Forum and Expo
 - Oct. 24, Allen County Energy Fair
 - Oct. 25, Lake County Energy Fair
- ❖ Editorial Board Meetings
 - NWI Times, Post-Tribune, South Bend Tribune
- ❖ Community Advisory Panels



Communicating Through Local Media

Herald-Argus
LaPorte County Where local news comes first!

Stay warm, save money

10 ways to lower your heating bills this winter



Jack McCorkell, sales manager for Adams Comfort Engineering, inspects a furnace filter as Keith Altsege, installer at Adams, puts in a high efficiency furnace on Wednesday.

By Timothy O'Connor
1-866-362-2167 Ext. 1369
tcoconnor@heraldargus.com

LA PORTE — Heating bills this winter could be as much as 20 percent higher than last year, leaving many residents wondering how to lower their monthly bill to combat the cost.

In a press release, the Northern Indiana Public Service Company announced the average residential customer could expect to pay about \$906 for natural gas between Nov. 1 and March 31, up from \$736 a year ago.

"While gas market prices have sharply declined since reaching an all-time high in July, the current and projected bills still remain higher than last year," NIPSCO CEO Eileen O'Neill said in the release.

According to Nick Meyer, communications manager for NIPSCO, gas prices were \$1.72 per therm (a measurement of heat) in July and have since fallen to \$0.79, easing some of the increased

Lower your bill

- Buy programmable thermostats
- Change your filter every other month
- Seal up windows and other drafty spots
- Close your fireplace damper
- Purchase a higher efficiency furnace and other appliances
- Insulate your attic and crawl space
- Give your heating system a check-up every other year
- Replace old windows and doors
- Clear dust and debris off air vents
- Don't panic

in your home as suggested by Jack McCorkell, sales manager at Adams Comfort Engineering. Meyer and the U.S. Department of Energy:

THE TIMES bizNews
Proud to be named Indiana's Best Business Section, as chosen by the Hoosier State Press Association.

local business · markets · careers · consumer issues

WEDNESDAY, OCTOBER 15, 2008 nwi.com/business

at closing	76.72 DOW 9,310.99	65.26 NASDAQ 1,779.01	20.43 NYSE 6,380.53	5.34 S&P 500 998.01	18.79 AMEX 664.04
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NIPSCO rebates can help cut heating costs

Utility forecasts gas bills will be 10% to 20% higher.

BY KEITH BENMAN
kbennan@timesbiznews.com
(317) 333-3330

NIPSCO has ramped up its Energy Harvest home appliance rebate program with a new searchable Web site and a program for contractors.

"This program provides customers with an immediate incentive to manage their energy usage by helping offset the cost of investing in higher efficiency appliances," said NIPSCO spokeswoman Colleen Reilly.

The top rebate of \$750 is for an indirect domestic hot water tank combo with natural gas boiler. Rebates of \$250 are available for gas furnaces that are at least 92 percent efficient and there is a \$20 rebate for qualified programmable thermostats.

A complete list is available at <http://www.nipSCO.com> by clicking on the Energy Harvest link at the top of the page.

The utility estimates that upgrading a two-story, 2,100-square-foot home to an energy-efficient natural gas furnace can save a homeowner \$300 to \$470 per year. NIPSCO has forecast that home heating bills for natural gas customers will be 10 percent to 20 percent higher this winter as compared to last, due to higher natural gas prices on wholesale markets.

This year will be the first time NIPSCO customers can take advantage of the Energy Harvest rebates ahead of the winter heating season. The program began in January.

See REBATES, D2

Search **WISN** Wednesday, October 15, 2008 5:15 PM Home Local News

NIPSCO kicks off Winter Warmth program early this year

Posted: 6:49 PM Oct 6, 2008
Last Updated: 6:49 PM Oct 6, 2008
17 comments

List of sites where you can apply

If you are worried about those heating bills going through the roof this year, NIPSCO is offering some help.

On Monday, the company announced that its Winter Warmth program will begin accepting applications early this year.

The Winter Warmth program offers assistance to heating customers who cannot afford to pay their bills.

Since 2004, it has provided nearly 7.6 billion dollars in assistance to more than 48,000 customers.

Qualifying customers will receive up to \$450 annually.

You can apply at 31 sites in northern Indiana. For a full list of locations, click the document link at the top of this story.

WISN NEWS CENTER 16

eTruth
The Elkhart Truth Newspaper

Seal up your home to save money on heating

As the temperature falls, the cost of natural gas will rise, so now is the time to weatherize.

Published: 10/8/2008 12:00:00 AM
Last Updated: 10/8/2008 11:53:16 PM
By: Marilyn Odendahl |

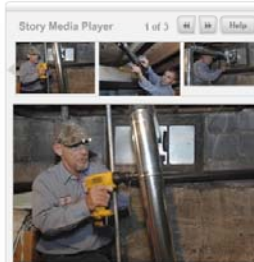
ELKHART — Keith Bennett is counting on the first significant dip in temperatures to fill his appointment book.

Typically between September and the Christmas holiday, the branch manager for Mopper Insulation fields numerous phone calls from homeowners and has to schedule weatherization projects four to five weeks in advance. However to date, Bennett has gotten fewer calls and can usually get a maintenance crew to the customer's home within two weeks.

"I think if we get a real cold snap," Bennett said, "it will snap some people into wanting to spend money on insulation."

The first heating bill may have the same effect.

With energy costs expected to rise this winter season, households already struggling in the down economy are expected to turn to local agencies for heating assistance in greater numbers than before. The one-time assistance payments can help with a natural gas or an electric bill but, since the price of energy is not projected to decline, weatherization is being touted as the necessary and long-term solution.



Story Media Player 1 of 3

Photographer: J. Tyler Klassen

Caption: Truth Photo By J. Tyler Klassen: Carlin Johnson fastens together a new dryer vent pipe in a home on South Bend's south central side. The home is being winterized by Mopper-Heads for REAL Services.

Times-Union

Winter Heating Assistance Available

The Robinson Star Weekly, October 16, 2008

Cold evening temperatures in recent weeks have been a chilly reminder that winter is here. According to the AP, Western North, Central and the South.

With heating bills anticipated to rise, state and local agencies are offering assistance to help pay the bills.

Pattie Marlow, a client service specialist for the Indiana Energy Service Center, said the center is offering assistance to help pay the bills.

"We're looking out for opportunities over the next three months to help customers who are having trouble paying their bills," she said.

Eligibility requirements for EAP include North customers. In addition, there are some financial hardship situations.

Prep Linwood-Heath, director of client assistance at NIPSCO, said the utility is offering assistance to help pay the bills.

In preparation for higher natural gas prices this winter, NIPSCO is offering assistance to help pay the bills.

With the Winter Warmth program, NIPSCO is offering assistance to help pay the bills.

According to a statement from NIPSCO, the company will provide rebates of up to \$750 for a natural gas boiler, \$250 for a natural gas furnace, \$250 for a natural gas tankless water heater, \$100 for a programmable thermostat, and \$20 for a natural gas storage water heater.

NIPSCO customers who need new natural gas appliances can get several hundred dollars in rebates from NIPSCO to help cover the cost.

NIPSCO's Energy Harvest program offers cash rebates for high-efficiency appliances, including natural gas furnaces, water heaters, boilers and programmable thermostats.

The rebates offset part of the cost for high-efficiency appliances and are intended to provide an incentive for people to manage their energy use.

Among the rebates:

- Hot water tank combo with a natural gas boiler: \$750 rebate
- Natural gas boiler: \$500 rebate
- Natural gas furnace: \$250 rebate
- Natural gas tankless water heater: \$100 rebate
- Programmable thermostat: \$20 rebate

Single-family home builders may qualify for additional rebates.

For information, call (800) 721-7345 or visit www.nipSCO.com/energyprograms.

The site also provides tips and tools to help customers evaluate their energy use.

"These appliances offer long-term benefits for the customer and the environment through energy conservation," NIPSCO spokeswoman Colleen Reilly said.

Post-Tribune

NIPSCO promoting appliance rebate plan

Utility says upgrading natural gas devices can save consumers money.

Post-Tribune staff report

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Customer Options



NIPSCO Provides Customer Options

**NIPSCO GCA
Service**

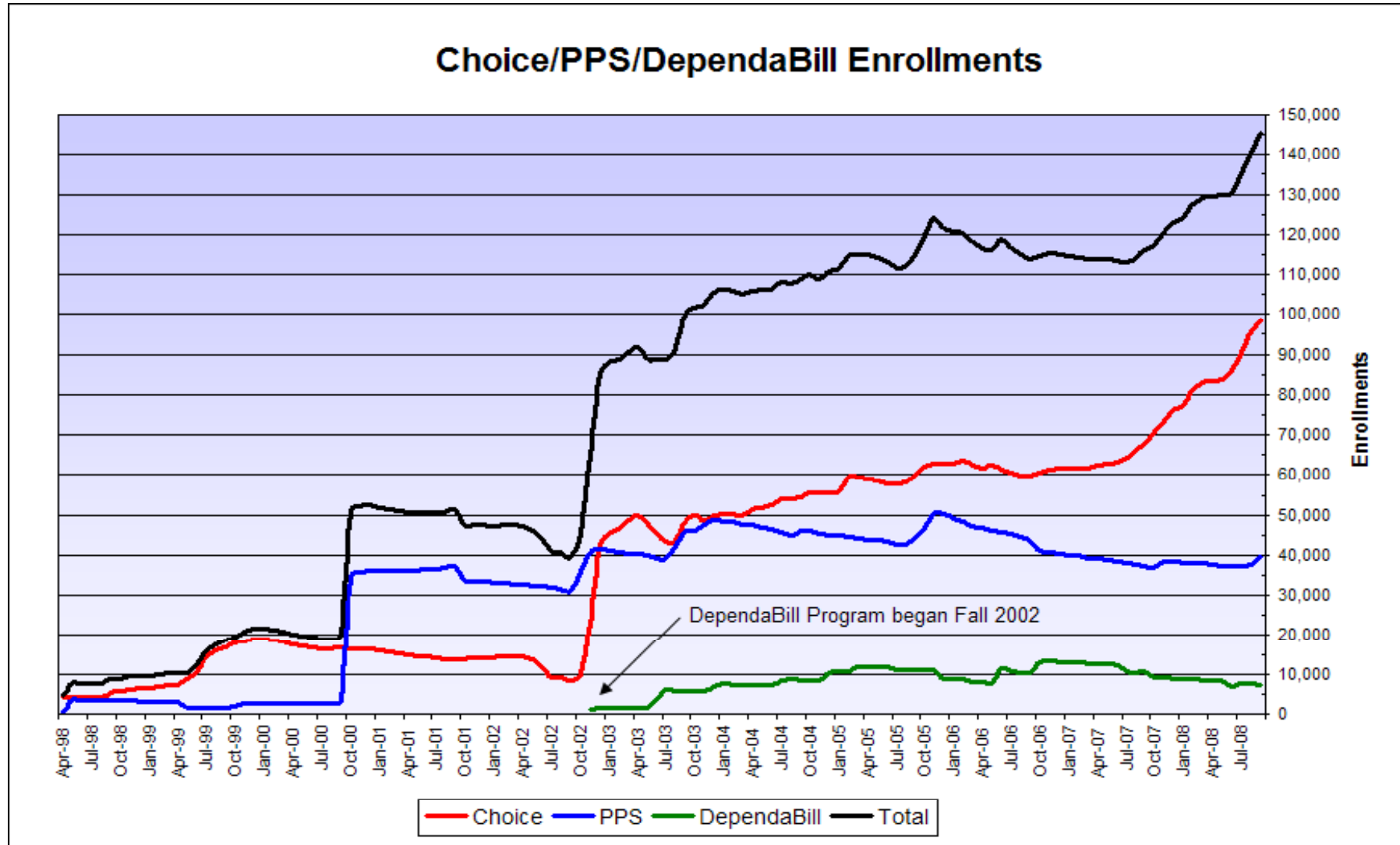
**NIPSCO
Choice**

**NIPSCO
PPS
PRICE PROTECTION SERVICE**

DependaBill

Explanation	Customers at 10/1/07	Customers at 10/1/08
<ul style="list-style-type: none"> ✓NIPSCO purchases gas and arranges for portfolio in customers behalf ✓Gas prices fluctuate monthly with market conditions 	591,815	559,326
<ul style="list-style-type: none"> ✓NIPSCO Choice provides gas customers the opportunity to choose their gas supplier. ✓Continue to receive delivery of gas through the current NIPSCO distribution system ✓Presently 13 marketers approved to operate on NIPSCO system 	66,172	98,598
<ul style="list-style-type: none"> ✓ Under PPS Fixed Price option, customers pay the same price per therm ✓ Under PPS Capped Price option, the gas supply charge will be capped for 12 months ✓ Gas delivery charges on customers bills vary from month to month depending on how much gas is used under either Fixed price or Capped option 	37,257	39,736
<ul style="list-style-type: none"> ✓Customized based on gas usage history and the historical temperatures in the area. ✓The fixed payment remains the same for the 12-month term. ✓ No interim adjustment or end-of-year settle-up due to usage or gas prices. ✓ DependaBill guarantees a fixed monthly bill, but not guaranteed savings. 	10,885	7,151
Total Company – Residential & Commercial	706,129	704,811
Percentage Receiving Options	16.2%	21.6%

NIPSCO Customer Options – Enrollment History



NIE Budget Billing Results

	2007		2008	
	Plan Customers	As Percentage Company Total	Plan Customers	As Percentage Company Total
NIPSCO	207,832	29.4%	203,290	28.8%
NIFL	8,460	21.8%	9,374	23.8%
Kokomo	9,962	29.2%	10,833	33.2%

- ❖ Customers pay the same amount each month throughout the entire year.
- ❖ Monthly statement will always show the status of customer's account.
- ❖ Each May, the amount paid is compared to actual usage to determine if customers have overpaid or underpaid
- ❖ Debit and credit balances, will be adjusted accordingly.



Thank-you

